

The Effects of Integrated Marketing Communications on Brand Equity of Authorized Automotives Companies in Indonesia

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Abstract: The aim of the research was to examine the effect of integrated marketing communications on brand equity at authorized automotive companies in Indonesia. In this research, the integrated marketing communications consist of the dimensions are personal communications, advertising, sales promotions, publicity & purel, instructional material, and corporate design. Meanwhile, the brand equity consist of the dimensions are brand awareness, brand loyalty, perceived quality, and brand association. Research methods used for this research were descriptive analysis which was used for qualitative variable, and verificative analysis consisted of hypothesis test by using statistical tests for causalities things. The analytical tool that being used is descriptive analysis for variables that are qualitative and verificative as hypothesis measurement by using statistic test analysis tools name structural equation model with Lisrel. The analytical units consist of the customers as new car buyers of the automotive authorized companies in Indonesia. The numbers of population are 1.278.431 customers and using slovin formula that the numbers of samples are 400 respondents with random sampling techniques. Integrated marketing communications and brand equity of the automotive authorized companies in general shows at good condition. The dominant dimension of integrated marketing communications is sales promotion. The dominant dimension of brand equity is perceived quality. Integrated marketing communications significantly influence on the brand equity.

Keywords: integrated marketing communications, brand equity, authorized automotive companies, structural equation model

1. Introduction

The population of Indonesia, nearly reached 240 million people and also supported by the purchasing power, security and stability economy became potential promising for the transportation business. These factors were driving factors for achieving 6 % per year rapid growth of the Indonesian

automotive and sales reached more than one million units on 2013. People quite good economic growth that can improve the people purchasing power and the high enthusiasm of citizens for a four-wheel vehicles higher from year to year. A four-wheeled vehicle sales nationally increase in the period 2000 until 2013 as imaged on the following:

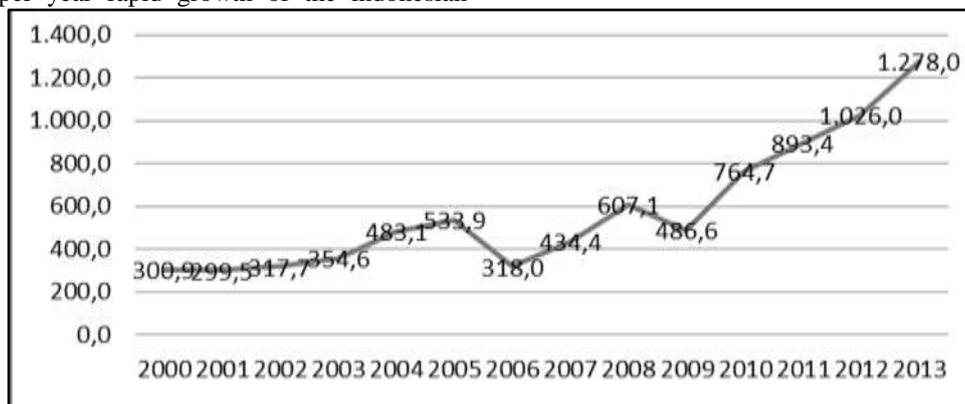


Figure 1: Car Sales in Indonesia (2000 s.d. 2013 in Thousand Units) Source: Gaikindo, 2014

Automotive industry in Indonesia started growing since the operation of a Single Agency Brand Holders in the early 1970s who supported by the Minister of Industry Regulation No.295/ 1982 and No. 428/ 1987. Until the end of 2013, the

development of the national automotive market is still controlled by the Single Agency Brand Holders as visible on the following table.

Table 1: National Rating Car Sales in Indonesia (the end of 2013)

Brand	Sales (unit)	Market Share (%)	Single Agency Brand Holders
Toyota	460.235	36%	Astra
Daihatsu	191.765	15%	Astra
Mitsubishi	178.980	14%	Astra
Suzuki	140.627	11%	Indomobil
Nissan	76.706	6%	Indomobil
Honda	76.706	6%	Astra
Isuzu	38.353	3%	Astra

Mazda	12.784	1%	Indomobil
Others	102.274	8%	Ford Motor Indonesia, General Motor Auto World Indonesia, Kia Mobil Indonesia, Hyundai Indonesia Motor, Proton Edar Indonesia, etc
Total	1.278.431	100%	

Source: Gaikindo, 2014

In the condition of a global marketing today, business changes in various environmental so fast and dynamic. At the same time, the competitions among automotive producers for selling their products to be very competitive so the company have to spend the funds for various activities of integrated marketing communications through some media promotions. Sari & Kusuma (2014) stated that Indonesian consumers considered Japanese car's conspicuous value higher than others. The success of the authorized automotives company in global competition is very much determined by the commitment of the company in maintaining brand equity. The things that causing this phenomenon occurs, can be caused by a factor is called brand equity that authorized automotives company owned in Indonesia was considered having the power of the unique by the consumers. Then referring to American Marketing Association in Kotler & Keller (2009) brand is about a name, term, sign, the symbols, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition. Because of it, brand is not only is the name of the mention of a product, but also the identity of that reflects the credibility of, integrity and adopted by the company value, packed and delivered through products or services. Thus the brand should be maintained and developed, where brand is the core of all the way of the companies. Yasin & Aziz (2010) stated that the usefulness of brand equity in the business world is undeniably important. Recent trends in marketing are creating global brands that compete across countries and cultures. With the effort of many companies to have their brands become more internationally recognized, it is increasingly important to understand brand equity and to become more sophisticated in managing brand.

Further to build brand equity strong is not easy. It takes commitment from the shareholders, the top management and the consistency of the implementation of marketing communications programs (Tjiptono, 2011). To create and maintain the brand equity, can be performed through making of integrated marketing communications more effective (Dahlen et al, 2010). Further defined that the most effective integrated marketing communications are driven through a narrative core brand, will coordinate all elements of the communications mix and have a presence across all media.

With conducted a survey early (pre survey) known many consumers a new car with brands established in the country made the purchase of a new car based on strong brand that are considered from the company authorized automotives in Indonesia. In addition to this, buyers will perceived quality given by the authorized the automotives companies. Based on the data that buyers is not only have an only one car brand.

Based on the description above, the importance of brand equity and to transfix strong brand equity at consumer mind,

the integrated marketing program needed communications proper and directed. Based on in the background a problem above, hence this research take on titles the effect of integrated marketing communication on brand equity at authorized automotive company in Indonesia. The research purpose is to find and looked at how the implementation of integrated marketing communications based on customer perception at authorized automotives companies in Indonesia, how the brand equity condition of the authorized automotive companies in Indonesia, the effect of integrated marketing communication on brand equity at authorized automotives companies in Indonesia partially and simultaneously

2. Review of Literature

Integrated Marketing Commincation: Marketing communications is linked to companies, especially brand image where is the image of the company provided by itself and in accordance with the right to use the company. Clow and Baack (2007), one of the parts of brand image of the company especially consist of visible and intangible (invisible) elements. Visible elements can be seen like the goods and services of the retail outlets that sell products, a factory where manufactured products, advertising, a promotion and other forms of marketing communications, the name and the company's logo, and the employees of the company. Elements that are intangible (invisible) are employee's motivation, company's regulations, country's culture, the location of company, and mass media reports. Further Clow and Baack (2007) stated the role of corporate image based on consumer perspective, namely can give confidence to do the purchase of products already known although in the condition of being unknown, conviction for purchase products although not has all the experience enough about that product less time to make search product with other brands, psychologically is very confident and social acceptance over products referred to.

Further definition from marketing communications can be defined as coordination and the integration of all instruments of marketing communication to companies toward latest programs that can be maximized the effects on consumers, and all the ultimate user for funds at least. Marketing communications planning really prompted by the development and coordination of marketing mix elements, was the products, distribution channels, and promotion.

An addition, Kotler and Keller (2012) has suggested that marketing communications can be defined as the way the company to inform, persuade, and remind the consumers, either directly or not directly about the product and brand sold. It can be said that of marketing communications representing a sound of a brand, where brand can engage in dialogue and build relationships with consumers. Further,

Lovelock and Wirtz (2011) has suggested three important roles from marketing communications, which are providing needed information and advice, persuading the target customers of the merits of specific product, encouraging them to take action at the specific time .

The study of literature that is expressed is about marketing communications, hence with the above mentioned, Kotler and Keller (2012) stated about six communications mix that can be used as a dimension in this research, namely (a) *advertising* is a sending a message that is not personal through the media who paid by advertisers. Advertising covering printed documents, broadcast, outdoor media, and other forms, (b) *sales promotion* is a series of short term activities in order to increase sales of products in the short term. Sales promotion covering discount promotion, coupons, sample products, and other forms, (c) *events and experience* was the sponsoring company activities and programs designed to the interaction of the company and brand with the public. Potential-events and experience covering sports events, showbiz, and other forms, (d) *public relations and publicity* are various activities program designed to introduce or guarding or protecting the company's products and brand products. Public relations and publicity are a press release annual report and other forms of involuntary donations, (e) *direct marketing* is one of communications form that done directly to consumers and potential or prospect customer using mails, phone, e-mail or the internet, (f) *interactive marketing* are activities and programs that are online for fastening clients and potential customers directly or indirectly can improve good image, awareness, and the sale of products and services, (g) *word of mouth* is marketing activity done through person to person, a verbal, written or electronics related to the experience to purchase or use or for consumption of product and services, (i) *personal selling* is face to face interaction with one or more potential customer in order to presentated, answering questions (dialog), and to gain prospect order.

Lovelock and Wirtz (2011) contends about marketing communications for services, which are (a) *personal communications* are the activities sell personally, customer service training, telemarketing, as well as communications by word of mouth, (b) *advertising* are the activities which includes broadcast, a mold, the internet, outdoor media, as well as direct mail, (c) *sales promotions* is the events related to the delivery of product sample, coupons, the provision of merchandise, price discount, as well as promotion in the form of special price, (d) *publicity and public relations activities* which includes press release or kits, the press conference, special event, as well as sponsorship, (e) *instructional materials* covering websites, manuals, brochures, video and audio cassettes, and voice mail, (f) *corporate design* covering interior decoration, vehicles, equipment, and uniform.

3. Brand Equity

Strategy to build and manage brand equity run a priority for the company. It happens in all sorts of types of industry and market. To be in a position to mind, in both the consumer it takes a long time to bring it to the long. A company's equity is to compete for power, so as to produce superior

performance of which the customer must be made in order to promote and develop the portfolio of brands (Madhavaram et al, 2005). Referring to the importance of brand equity on corporations, the following are understanding of brand equity that is delivered by Kotler and Keller (2012), brand equity are an added given a brand to a product and services, later reflected do with the way a customer, think, feel, as well as take action according to the good to a brand. Further Clow and Baack (2007) believed that brand equity is a series of the characteristics of a brand unique company can set higher prices and protecting an increase in market share of. Aaker (1996) has suggested his view that the brand equity is a collection of assets and liabilities of brands of associated with brands, names and symbols that are added value given by a product or services to the company or the company's customers. According to Dickinson and Barker (2007) and Motion, et al (2003) that the reason the ultimate alliance company uses brand (co-branding) is to build brand equity. Basically brand equity derived from a trust that is given to a consumer brand than competitors (Lassaret al, 1995). Brand equity has a role in the decision-making for the consumers will buy a certain sense of equity could help develop strategies of brand marketing (Washburn & Till, Priluck, 2000).

Based on the definition of above, the conclusions may be defined that brand equity is constituting a unit with a brand, something that can give additional value to a product. Furthermore expressed about benefit of brand equity, namely (a) allow manufacturers to charge more for their products, (b) higher gross margin, (c) provide power with retailers to wholesalers, (d) additional retail space, (e) weapon against consumers switching due to sales promotions, (f) prevent erosion of market sales.

Aaker (1996) grouping of brand equity into five categories, namely (a) *the brand loyalty* and allegiance to a size of the brand is a brand to consumers. This measure may be able to provide a picture of consumers turning to brands whether other products, especially if found in the brand found the additional, both related to the price and other attributes. Consumers who purchase a brand loyalty generally will be continuing the brand even though faced with many competitors who offer alternative products superior product characteristics viewed from various angles atributnya, (b) *the brand name awareness*, showing the buyer of a candidate ability to recognize or recall a brand as part of a certain product categories, (c) *brand association* is the impression that appears at the memory of a brand. These variables are related to the perception on the consumer's mind about attributes possessed by a brand. Consumers increased by many more experience in taking a brand, or to more frequent apparition the brand in his communications strategy, (d) *the perceived quality* can be defined as the quality of consumers on a whole quality or excellence a product relating to what is expected by consumers. Perceived quality positive decision would encourage purchases and create loyalty to products, (e) *a brand equity proprietary*-brand other assets such as patents, trademark. Based on opinion of Aaker (1996:8), dimensions that can be used for this research is *brand awareness, brand loyalty, perceived quality, and brand association*.

4. Research Methods

This research using quantitative research methods, tries to analyze factors which of integrated marketing communications has the influence on brand equity from the

authorized automotive company's customers in Indonesia. Based on the above explanation, hence writers suggested a hypotheses which will be expressed on next paragraph. Research model used by a writer are as follow:

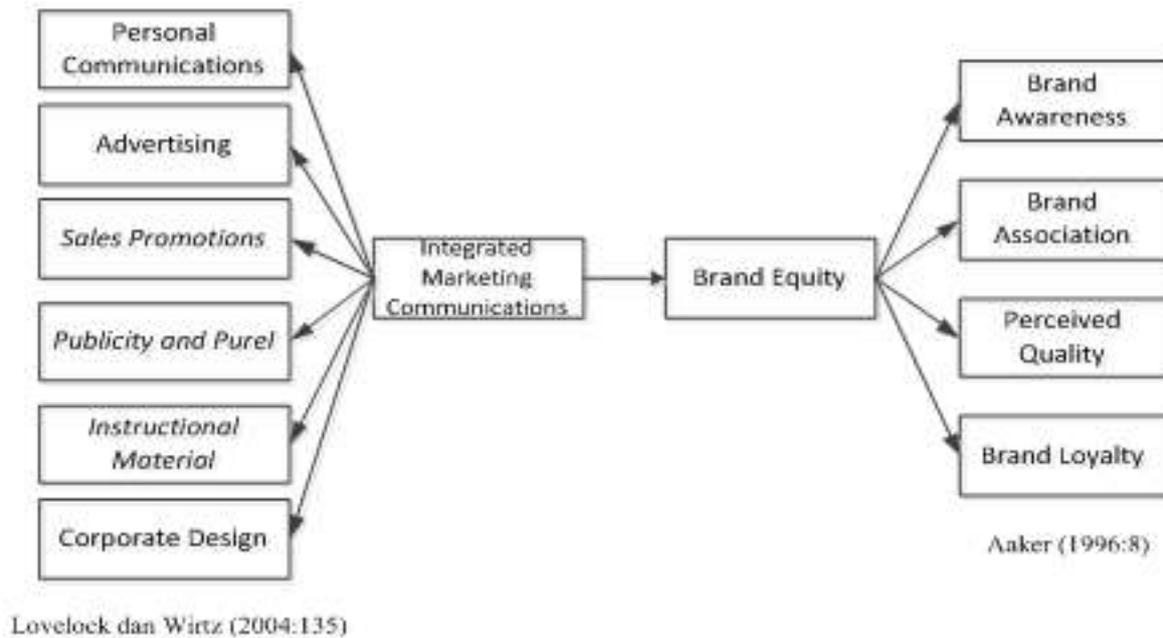


Figure 1: Research Model

Research from those mentioned above, obtained two different constructs was: integrated marketing communications, and brand equity.

Hypotheses

As researchers explained earlier, this study examines the effect of integrated marketing communications on brand equity. The following hypotheses will be tested in this respect: Integrated marketing communications will be positively related to brand equity.

Sampel Selection

The population in this research was authorized automotive company's customers in Indonesia who have been buying new car until December 2014. A technique that is used in this research was multistage sampling which firstly using cluster sampling followed by simple random sampling, where it includes non-probability sampling technique which choose samples to cover a considered appropriate by researchers (Sekaran, 2010). Information on analysis unit processed using software LISREL (Wijayanto, 2008). The sample collection done in all the authorized automotive company's customers that were 400 respondents. A period of data collection done in January to March 2015. According to Hair et al (2010), the number of respondents all it took was

maximum likelihood estimation as 200 respondents. So in this research the number of respondents all it took was 400 respondents. A scale used in this research is likert scale with five value numerical score ranging from 1 through 5, outlined as follows: strongly disagree, do not agree, quite agree, agree, and certainly would agree.

5. Result

Data analysis was conducted by structural equation model (SEM) analysis. The constructs were, also tested for validity and reliability and were found to be relatively sound. Then, the proposed model was tested using LISREL. Test of parameter model showed that the size of a description of GFI of 0.97 and AGFI of 0.96 of the near 1.0 and RMSEA 0.038 which is smaller than 0.05 so that conclude that a model can be received.

Table 2: Parameter Structural Estimation of Model

Variable	Coefficient of Correlation	R ²	t-values	t-table
Integrated Marketing Communications	0.63	0.40	6.74	1.96

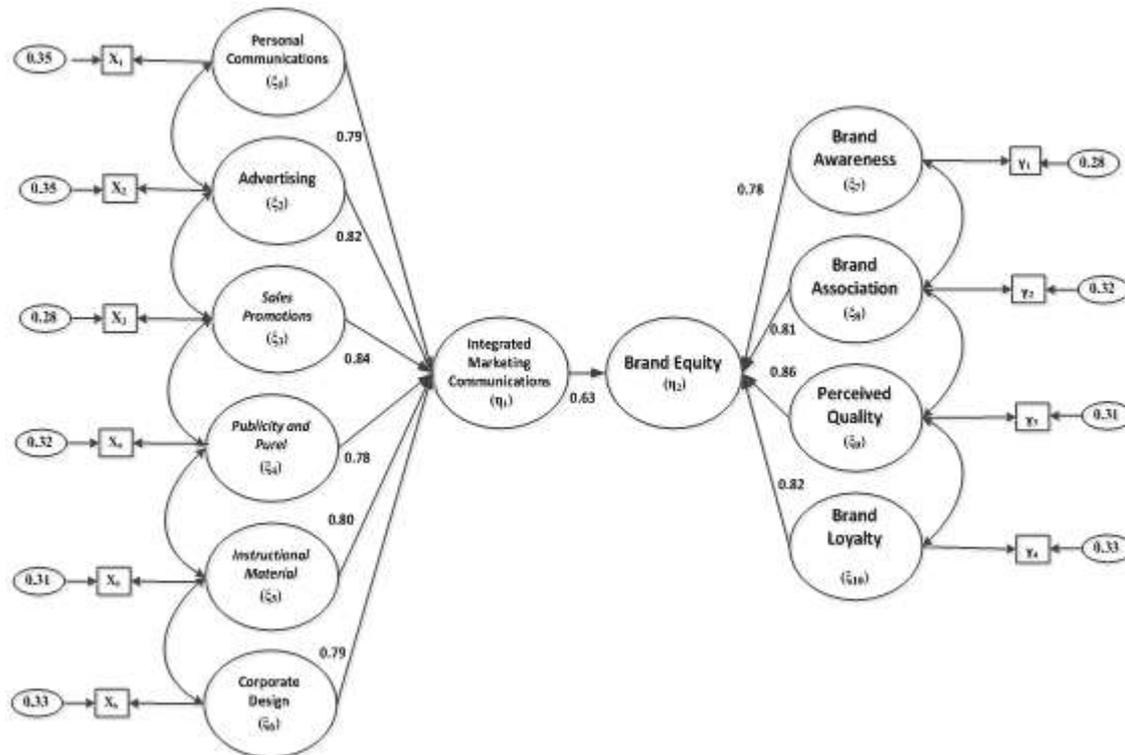


Figure 2: The Structural Equation Model (SEM) Output

From research that has been done obtained that integrated marketing communications positively related (0.63) to brand equity. Integrated marketing communications gives the impact on brand equity at 40%. The value of the increase in the integrated marketing communications, which will have to increase brand equity.

6. Conclusion

The integrated marketing communication significantly influence on the brand equity at authorized automotive company's customers in Indonesia. The dominant dimensions of integrated marketing communications is sales promotion. The dominant dimensions of brand equity is perceived quality.

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